

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred House Bill No. 1195, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Replace the effective date in SECTION 4 with "[EFFECTIVE
- 2 JANUARY 1, 2003]".
- 3 Replace the effective date in SECTION 5 with "[EFFECTIVE
- 4 JANUARY 1, 2003]".
- 5 Replace the effective date in SECTION 6 with "[EFFECTIVE
- 6 JANUARY 1, 2003]".
- 7 Replace the effective date in SECTION 7 with "[EFFECTIVE
- 8 JANUARY 1, 2003]".
- 9 Replace the effective date in SECTION 8 with "[EFFECTIVE
- 10 JANUARY 1, 2003]".
- 11 Replace the effective date in SECTION 11 with "[EFFECTIVE
- 12 JANUARY 1, 2003]".
- 13 Replace the effective date in SECTION 23 with "[EFFECTIVE
- 14 JANUARY 1, 2003]".
- 15 Page 1, delete lines 1 through 17.
- 16 Delete pages 2 through 3.
- 17 Page 4, delete lines 1 through 13.
- 18 Page 4, line 28, delete "between January 15 and March 31," and
- 19 insert "**during the twelve (12) months before March 2**".
- 20 Page 4, line 29, delete "inclusive".
- 21 Page 6, line 2, delete "between January 15 and March 31," and

- 1 insert **"during the twelve (12) months before March 2"**.
- 2 Page 6, line 3, delete "inclusive".
- 3 Page 6, line 31, delete "between January 15 and March 31," and
- 4 insert **"during the twelve (12) months before March 2"**.
- 5 Page 6, line 32, delete "inclusive".
- 6 Page 7, line 26, delete "between January 15 and" and insert **"during**
- 7 **the twelve (12) months before March 2"**.
- 8 Page 7, line 27, delete "March 31, inclusive".
- 9 Page 8, line 13, delete "between January 15 and March 31," and
- 10 insert **"during the twelve (12) months before March 2"**.
- 11 Page 8, line 14, delete "inclusive".
- 12 Page 11, line 25, delete "between" and insert **"during the twelve**
- 13 **(12) months before March 2 of the first"**.
- 14 Page 11, line 26, delete "January 15 and March 31, inclusive of
- 15 each".
- 16 Page 13, delete lines 15 through 42, begin a new paragraph and
- 17 insert:
- 18 "SECTION 10. IC 6-2.5-6-1, AS AMENDED BY P.L.185-2001,
- 19 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 20 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1. (a) Each person liable
- 21 for collecting the state gross retail or use tax shall file a return for each
- 22 calendar month and pay the state gross retail and use taxes that the
- 23 person collects during that month. A person shall file the person's
- 24 return for a particular month with the department and make the person's
- 25 tax payment for that month to the department not more than thirty (30)
- 26 days after the end of that month, if that person's average monthly
- 27 liability for collections of state gross retail and use taxes under this
- 28 section as determined by the department for the preceding calendar
- 29 year did not exceed one thousand dollars (\$1,000). If a person's average
- 30 monthly liability for collections of state gross retail and use taxes under
- 31 this section as determined by the department for the preceding calendar
- 32 year exceeded one thousand dollars (\$1,000), that person shall file the
- 33 person's return for a particular month and make the person's tax
- 34 payment for that month to the department not more than twenty (20)
- 35 days after the end of that month.
- 36 (b) If a person files a combined sales and withholding tax report and
- 37 either this section or IC 6-3-4-8.1 requires sales or withholding tax
- 38 reports to be filed and remittances to be made within twenty (20) days
- 39 after the end of each month, then the person shall file the combined
- 40 report and remit the sales and withholding taxes due within twenty (20)
- 41 days after the end of each month.
- 42 (c) **Instead of the twelve (12) monthly reporting periods**

required by subsection (a), the department may permit a person to divide a year into a different number of reporting periods. The return and payment for each reporting period is due not more than twenty (20) days after the end of the period.

(d) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars (\$10); ~~or~~

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars (\$25); **or**

(3) a calendar quarter, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed seventy-five dollars (\$75).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

~~(d)~~ (e) If a retail merchant reports the merchant's gross income tax, or the tax the merchant pays in place of the gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection ~~(c)~~: **(d)**. However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

~~(e)~~ **(f)** If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

~~(f)~~ **(g)** If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds ten thousand dollars (\$10,000), the person shall pay the monthly gross retail and use taxes due by electronic fund transfer (as

defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a person's gross retail and use tax payment is made by electronic fund transfer, the taxpayer is not required to file a monthly gross retail and use tax return. However, the person shall file a quarterly gross retail and use tax return before the twentieth day after the end of each calendar quarter.

SECTION 11. IC 6-3-1-11, AS AMENDED BY P.L.9-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2001~~, **2002**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2001~~, **2002**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2001~~, **2002**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2001~~, **2002**, that is effective for any taxable year that began before January 1, ~~2001~~, **2002**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining

adjusted gross income under IC 6-3-1-3.5 and net income under IC 6-3-8-2(b).

SECTION 12. IC 6-8.1-9-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 14. (a) The department shall establish, administer, and make available a centralized debt collection program for use by state agencies to collect delinquent accounts, charges, fees, loans, taxes, or other indebtedness owed to or being collected by state agencies. The department's collection facilities shall be available for use by other state agencies only when resources are available to the department.**

(b) The commissioner shall prescribe the appropriate form and manner in which collection information is to be submitted to the department.

(c) The debt must be delinquent and not subject to litigation, claim, appeal, or review pursuant to the appropriate remedies of a state agency.

(d) The department has the authority to collect for the state or claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts, charges, fees, loans, taxes, or other indebtedness due the state or claimant agency that has a formal agreement with the department for central debt collection.

(e) The formal agreement must provide that the information provided to the department be sufficient to establish the obligation in court and to render the agreement as a legal judgment on behalf of the state. After transferring a file for collection to the department for collection, the claimant agency shall terminate all collection procedures and be available to provide assistance to the department. Upon receipt of a file for collection, the department shall comply with all applicable state and federal laws governing collection of the debt.

(f) The department may use a claimant agency's statutory authority to collect the claimant agency's delinquent accounts, charges, fees, loans, taxes, or other indebtedness owed to the claimant agency.

(g) The department's right to credit against taxes due may not be impaired by any right granted the department or other state agency under this section.

(h) The department of revenue may charge the claimant agency a fee not to exceed fifteen percent (15%) of any funds the department collects for a claimant agency. Notwithstanding any law concerning delinquent accounts, charges, fees, loans, taxes, or

1 other indebtedness, the fifteen percent (15%) fee shall be added to
 2 the amount due to the state or claimant agency when the collection
 3 is made.

4 (i) Fees collected under subsection (h) shall be retained by the
 5 department after the debt is collected for the claimant agency and
 6 are appropriated to the department for use by the department in
 7 administering this section.

8 (j) The department shall transfer any funds collected from a
 9 debtor to the claimant agency within thirty (30) days after the end
 10 of the month in which the funds were collected.

11 (k) When a claimant agency requests collection by the
 12 department, the claimant agency shall provide the department
 13 with:

14 (1) the full name;

15 (2) the Social Security number or federal identification
 16 number, or both;

17 (3) the last known mailing address; and

18 (4) additional information that the department may request;
 19 concerning the debtor.

20 (l) The department shall establish a minimum amount that the
 21 department will attempt to collect for the claimant agency.

22 (m) The commissioner shall report, not later than March 1 for
 23 the previous calendar year, to the governor, the budget director,
 24 and the legislative council concerning the implementation of the
 25 centralized debt collection program, the number of debts, the
 26 dollar amounts of debts collected, and an estimate of the future
 27 costs and benefits that may be associated with the collection
 28 program."

29 Delete pages 14 through 18.

30 Page 19, delete lines 1 through 19.

31 Page 22, delete lines 27 through 42.

32 Page 23, delete lines 1 through 33.

- 1 Page 23, line 38, delete "2001" and insert "**2002**".
- 2 Page 23, line 39, delete "2003" and insert "**2004**".
- 3 Renumber all SECTIONS consecutively.
(Reference is to HB 1195 as reprinted January 29, 2002.)

and when so amended that said bill do pass .

Committee Vote: Yeas 14, Nays 0.

Senator Borst, Chairperson